

AQO

MEMORANDUM FOR RECORD

SUBJECT: AQO Staff Meeting Minutes, Apr 15, 97

Mr. Schmitt reminded HQ Metric Owners that they should be actively seeking input from their District advisory groups.

GENERAL COUNSEL (GC).

- o We must disseminate as widely as possible to our Divisional Administrative Contracting Office (DACOs) and to the Defense Contract Audit Agency (DCAA) community the following decision and ensure they assess the impact on contractors and potential recovery for the Government.

- oo Brief Summary of Case:

- ooo Rockwell International v. Windall, Court of Appeals for the Federal Circuit; April 1, 1997; Docket No. 96-1265; 1997 WL 144738:

- ooo The court upheld an Armed Services Board of Contract Appeals (ASBCA) decision and the decision of a DCMC contracting officer that had found that certain taxes paid by Rockwell prior to 1991 were unallowable as costs on Air Force contracts. The tax at issue was the "Superfund Tax" (codified at 26 U.S.C. 59A). The FAR cost principle (FAR 31.205-41) states that federal income taxes are not allowable. However, in 1991 the FAR was changed to make the Superfund Tax an expressly allowable cost. At issue was the status of the tax prior to the FAR change. The court finds that the tax is in essence an income tax and thus prior to 1991 not allowable. The change to the FAR was prospective only.

- ooo The question is how many other contractors have cost proposals pending that also contain this unallowable Superfund Tax? POC George Sisson, GC, DSN 427-6064

PRODUCT DESIGN, DEVELOPMENT & CONTROL TEAM (AQOF).

- o Ms. Pettibone, Ms. Penny Kingsbury and Mr. Kevin Holt visited DCMC Pittsburgh on 14 Apr and the Software Engineering Institute (SEI) in Pittsburgh on 15 Apr. The SEI visit was at the invitation of the Director of SEI. The visit focused on SEI activities and their use of distance learning methods.

- o The Earned Value members of AQOF, Mr. Kevin Kane, Mr. Barry Schuler and Mr. Jim Muir, were in the Los Angeles area for the Performance Management Association (PMA) Conference. Maj Gen Drewes is a featured speaker and Mr. Kane is also providing a presentation.

- o Col Harper will be attending the Allied Signal Joint Process Improvement Council in the Phoenix area on 18 Apr.

- o Farewell luncheon for Marianne Bailey is 25 April.

- o The Industrial Analysis Support Office (IASO) has set up a DCMC capabilities briefing for the Army's Joint Precision Strike program manager on 28 April... CDR Seveney will brief the software surveillance capabilities portion.

PRODUCT & MANUFACTURING ASSURANCE TEAM (AQOG).

o On 17 April 1997 at the Defense Acquisition University (DAU), MPoulin participated as a member of the DoD Ad Hoc group formed to identify acquisition workforce training needs for variability reduction and quantitative analysis methods. The current acquisition courses applicable to manufacturing, production and quality assurance do not adequately address the two topics and the amount of time available is insufficient.

The target audience for this training will be a person in a technical career field who is working in a contract administration or program management environment and the position requires skill in using variability reduction techniques or quantitative analysis methods. The training will be "assignment specific" for Level II certified personnel.

The Ad Hoc panel identified a preliminary structure of subjects for inclusion in the training: process management; basic tools for analyzing data; statistical concepts; statistical process control; sampling plans; design for manufacturing including geometric dimensioning and tolerancing; design of experiments; Taguchi loss function; failure mode and effects analysis and quality function deployment.

The next steps will be assembling the DoD Functional Board Working group, Production Resources, to define the expected outcomes of the training and the desired learning objectives. The DAU projects this training to be on-line during the first quarter FY 98.

FLIGHT OPNS, SPECIALIZED SAFETY & ENVIRONMENTAL TEAM (AQOI).

o Showed video "Aircrew Environmental Awareness" prepared by DoD. All districts have a copy for their flight operations areas.

APPROVED:

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Contract Management Policy